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respect to each market, like the second. The Commission's finding that Jersey City was discriminated against must, then, rest on the proposition that a disparity between rates from several producers, to one market, is a prejudice not only to the producer who gets the higher rate, but to the market. If this disparity, with respect to Jersey City, is a disadvantage, then equality, with respect to New York, is an advantage, and a case under the wording of the act is made out. It does not seem to be an unreasonable conclusion that such a prejudice in fact exists. If the market is a distributing as well as a consuming center, it may be distinctly prejudiced by a loss in the number of producers using it as such. If it be only a consuming center, the shorter supply might well cause prices to rise. At the least, it would seem to be a fair question of fact, upon which the finding of the Commission would be conclusive.

As neither this question of prejudice by causing an unequal ratio of rates nor the problem of two-carrier discrimination was discussed by the Supreme Court, one may hope that the decision will not stand as a precedent on either point.

THE RELATION OF THE TECHNICAL TRADE-MARK TO THE LAW OF UNFAIR COMPETITION. — The law relating to infringements of technical trade-marks was fully developed before the growth of the law of unfair competition.¹ However, from an analytical viewpoint, unfair competition is the genus, and the infringement of the technical trade-mark a species.² In each case the redress is based upon the right to be protected in the goodwill of a trade or business. The essence of the wrong consists in the palming off of his own goods by one manufacturer or vendor as the goods of another.³ Three recent decisions⁴ of the United States Supreme Court bring out the close relation between these two branches of the law relating to piracy of goodwill.

It was at one time thought that the right in a trade-mark was without territorial limits.⁵ However, such a limit has been set by the Supreme Court in the cases of *Hanover Star Milling Co. v. Metcalf* and *Allen and Wheeler Co. v. Hanover Star Milling Co.*, considered together on writs of *certiorari*.⁶ In the first case, the dispute was between two parties who adopted the same trade symbol subsequent to appropriation by another in a different territory, and the determination of their rights *inter se*,

¹ See HOPKINS, TRADE-MARKS, 2 ed., § 1.

² See ROGERS, GOODWILL, TRADE-MARKS AND UNFAIR TRADING, 127. "In fact, the common law of trade-marks is but a part of the broader law of unfair competition." Pitney, J., in *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 413.

³ See *Canal Co. v. Clark*, 13 Wall. 311, 322; *McLean v. Fleming*, 96 U. S. 245, 251; *Goodyear Co. v. Goodyear Rubber Co.*, 128 U. S. 598, 604; *Stix, Baer & Fuller, etc., Co. v. American Piano Co.*, 211 Fed. 271, 279; *Reddaway v. Banham*, [1896] A. C. 199, 209.

⁴ For statements of these cases, see RECENT CASES, pp. 792, 793.

⁵ See *Kidd v. Johnson*, 100 U. S. 617, 619; *Derringer v. Plate*, 29 Cal. 292, 295; HESSELTINE, TRADE-MARKS AND TRADE NAMES, 111. However, the infringements in these cases were in territory into which the goodwill of the owner had already extended. Compare *Hygeia Distilled Water Co. v. Consolidated Ice Co.*, 144 Fed. 139, in which case the infringement was in territory to which complainants' goodwill would naturally expand.

⁶ 240 U. S. 403.

upon well-settled principles of unfair competition, was possible without regard to the question of technical trade-mark.⁷ In the second case it was necessary to determine whether the original user had, by prior use in Ohio and Pennsylvania, acquired a valid trade-mark in Alabama.⁸ The court found that it had not and held that the alleged infringer in Alabama had there acquired a valid trade-mark. "On similar facts, a recent Circuit Court of Appeals case reaches the same result."⁹ The determination of the boundaries to be set upon the territorial limits of the trade-mark presents serious difficulties.¹⁰ In a concurring opinion in the principal case, Mr. Justice Holmes suggests that the limits coincide with the boundaries of the sovereignty that gives its sanction to the right, thus avoiding "all questions of penumbra, of shadowy marches where it is difficult to decide whether the business extends to them."¹¹ But this suggestion does not accord with the doctrine that the trade-mark is protected as incident to the goodwill, and under such a doctrine the right to a technical trade-mark would not be coextensive with the goodwill. Furthermore, in the analogous case of unfair competition, the contest is often confined to the limits of a single state, and in such a case, the extent of the goodwill must be determined without regard to artificial lines.¹² In fact the decision in the principal case brings the law of technical trade-mark upon this point in coincidence with the general law of unfair competition, basing relief upon the ground of protection to the goodwill of the trader, which must be found as a fact in each case.¹³

Another phase of the law of unfair competition is presented by the case of *Hamilton-Brown Shoe Co. v. Wolf Brothers & Co.*,¹⁴ by which the law is not left so clear. In that case the defendants, with full knowledge of the plaintiffs' prior use of the mark "American Girl," used the mark "American Lady" upon a similar brand of ladies' shoes. The Circuit Court of Appeals allowed an accounting of profits, upon the ground of unfair competition, on all shoes not marked with the defendants' name as maker. In affirming this decision, the Supreme Court found that a technical trade-mark infringement was involved.¹⁵ Two jus-

⁷ See Pitney, J., in principal case, 240 U. S. 403, 422, 424.

⁸ See discussion of this case in the lower court in 27 HARV. L. REV. 399.

⁹ Theodore Rectanus Co. v. United Drug Co., 226 Fed. 545. The court appears to go upon the ground of an "estoppel by negligence," and there is talk of estoppel in the principal case, p. 419. But there is no real estoppel in either case, and in fact a limit is set on the territorial extent of the trade-mark. Although earlier cases may be explained upon some ground of abandonment, acquiescence, lack of sufficient use to acquire any trade-mark rights, or that the mark was not subject of a valid trade-mark, in so far as the courts treated them as competing trade-marks, they forecast the result of the principal case. See *MacMahan Pharmacal Co. v. Denner Chemical Co.*, 51 C. C. A. 302, 113 Fed. 468; *Corwin v. Daly*, 7 Bosw. (N. Y.) 222; *Levy v. Waitt*, 10 C. C. A. 227, 61 Fed. 1008; *Carroll v. McIlvaine*, 171 Fed. 125. The cases apparently *contra* have been explained in note 5, *supra*.

¹⁰ In the principal case, there was no need to determine the boundaries within more definite bounds than state lines.

¹¹ 240 U. S. 403, 424.

¹² See the recent case of *Kaufman v. Kaufman*, 111 N. W. 691 (Mass.).

¹³ *Cohen v. Nagle*, 190 Mass. 4, 76, N. E. 276. See 27 HARV. L. REV. 190.

¹⁴ 240 U. S. 251.

¹⁵ A technical trade-mark must be capable of appropriation to the exclusion of all others; it cannot therefore be descriptive or geographic; it cannot be a proper name.

tices¹⁶ dissented upon the ground that the phrase "American Girl" was not a valid trade-mark and that an accounting of profits was not a proper remedy in a case of mere unfair competition.¹⁷ This difference of opinion seems to be based upon the idea that the right to a trade-mark is a property right.¹⁸ Granting this to be true, there is no reason for a different treatment upon that ground alone, for if the invasion of a property right is a necessary prerequisite to an accounting of profits, such is found in the case of unfair competition, where the injury is to goodwill as a valuable property interest. In fact it is often said that the technical trade-mark is but an appendage to the goodwill.¹⁹ And as a matter of authority, an accounting of profits has been granted as readily in the case of unfair competition as where a technical trade-mark was involved.²⁰ This recovery of profits has been justified as being based upon principles analogous to those adopted in patent and copyright cases.²¹ The infringer has made a profit out of the use of another's property and as the proceeds are confused and apportionment impossible or impracticable, he must disgorge the whole.²² Since the courts require proof of an intentional invasion of the plaintiffs' rights before granting an accounting, it is not surprising that they grant the relief prayed without much inquiry as to whether the intentional wrongdoer is thereby made to suffer unduly for his wrong.²³ It was therefore unnecessary, in affirming the decree of the Circuit Court of Appeals, for the Supreme Court to make this distinction between trade-mark infringement and unfair competition. There is however one situation in which a complete accounting of profits should be denied in unfair competition, that cannot arise in the technical trade-mark case, namely, where the unfair competition injures the goodwill of two or more persons using the same proper or geographical name. Clearly the wrongdoer should not be

See HOPKINS, TRADE-MARKS, 2 ed., § 40. The result of this finding of the Supreme Court is that the plaintiff would also be entitled to profits upon the shoes marked with the defendants' name as maker as well as upon the other classes for which accounting was allowed on the basis of unfair competition. For where there has been an infringement of a technical trade-mark, it is no defense that the infringer's name accompanied the mark. That is only an aggravation of the wrong. See *Menendez v. Holt*, 128 U. S. 514, 521; *Bass, Ratcliff & Gretton v. Feigenspan*, 96 Fed. 206, 212.

¹⁶ Chief Justice White and Mr. Justice Van Devanter.

¹⁷ 240 U. S. 251, 263.

¹⁸ See *P. E. Sharpless Co. v. Lawrence*, 213 Fed. 423, 426; *Oakes v. Tousmierre*, 49 Fed. 447, 453.

¹⁹ See HOPKINS, TRADE-MARKS, 2 ed., § 81; ROGERS, GOODWILL, TRADE-MARKS, AND UNFAIR TRADING, 127.

²⁰ An accounting of profits was granted in *Edelsten v. Edelsten*, 1 De G. J. & S. 185; and *Oakes v. Tousmierre*, 49 Fed. 447 (where technical trade-marks were involved); in *Benker v. Feder*, 34 Fed. 534; *Graham v. Plate*, 40 Cal. 593; and *El Modello Cigar Mfg. Co. v. Gato*, 25 Fla. 886, 915 (where cases of unfair trade were treated as infringements of technical trade-marks); and in *Lever v. Goodwin*, 36 Ch. D. 1; *W. R. Lynn Shoe Co. v. Auburn Lynn Shoe Co.*, 100 Me. 461, 62 Atl. 499; *Gulden v. Chance*, 182 Fed. 303; *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 160, 204 (where no technical trade-marks were involved). See, however, *Baker v. Baker*, 115 Fed. 297.

²¹ See *P. E. Sharpless v. Lawrence*, 213 Fed. 423, 426.

²² See *Pitney, J.*, in principal case, 240 U. S. 251, 261.

²³ *Benker v. Feder*, 34 Fed. 534. And even at law, the granting of punitive damages in such cases was common. See HOPKINS, TRADE-MARKS, 2 ed., § 152.

punished to the extent of a full accounting to each one whose rights have been invaded.²⁴

There are two distinct situations in which resort to a court of equity may be had in unfair competition cases, whether involving a trade-mark or not. In one it is to secure compensation for harm already done, as well as an injunction against a continuance of the injury, and in the other it is merely to prevent a threatened destruction or impairment of the complainants' goodwill by a possible confusion in the future. This distinction has not always been kept in mind, and in some of the cases where there had been no present pecuniary injury to the goodwill, an accounting has worked extreme injustice.²⁵ Such a situation was presented in *Straus v. Notaseme Hosiery Co.*,²⁶ where the relief sought was protection from future harm. Two hosiery companies obtained their labels, of similar design, but bearing different names, from the same designer and used them on goods that did not as yet compete. The prior user was given injunctive relief, but an accounting of profits was properly denied for the short reason that the plaintiff had suffered no loss. If, as is intimated in the case of *Hamilton-Brown Shoe Co. v. Wolf Brothers & Co.*,²⁷ there must be a technical trade-mark to warrant an accounting, this case may be placed upon that ground, but to dispose of the case in this manner involves the needless perpetuation of a distinction in the laws of cognate subjects that are gradually merging into one.²⁸

MORTGAGES GIVEN MORE THAN FOUR MONTHS BEFORE BANKRUPTCY BUT RECORDED WITHIN THAT PERIOD. — Whether a mortgage given more than four months before the filing of a petition in bankruptcy, but recorded within that period, may be set aside by the trustee¹ depends

²⁴ *Clark Thread Co. v. Wm. Clark Co.*, 56 N. J. Eq. 789, 40 Atl. 686. In such case the wrongdoer should not fare better because he has harmed several instead of one, and in an appropriate action, he could no doubt be made to disgorge his entire profit.

²⁵ See George Cunningham and Professor Joseph Warren, "A Phase of Accounting in Trade-Mark Cases," 20 HARV. L. REV. 620, criticising *Regis v. Jaynes*, 101 Mass. 245, 77 N. E. 774, where an accounting of profits was allowed, though the defendant had never sold a single article in the territory then occupied by the plaintiff's business. This situation must be distinguished from cases where the defendant merely attempts to show that the public has not been deceived by his use of the plaintiff's mark in the same territory with the plaintiff. See *Saxlehner v. Eisner & Mendelson Co.*, 138 Fed. 22. But see *J. & C. Merriam Co. v. Saalfeld*, 198 Fed. 369, 377.

²⁶ 240 U. S. 179.

²⁷ *Supra*, notes 14 and 17.

²⁸ See ROGERS, GOODWILL, TRADE-MARKS, AND UNFAIR TRADING, 127, "There is no real difference except in the matter of evidence between a case of unfair competition and technical trade-mark." Actual fraud is not necessary in technical trade-mark cases. See *Scriven v. North*, 134 Fed. 366, 375; *HOPKINS, TRADE-MARKS*, 2 ed., § 99. However, it is usually said that fraud must be shown in order to get relief in a case of unfair competition. See *Church & Dwight Co. v. Russ*, 99 Fed. 276, 279; *Chas. E. Hires v. Villepigue*, 116 C. C. A. 452, 196 Fed. 890; *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U. S. 537, 551. However, this probably means only that unfair conduct must be clearly shown. See *Cellular Clothing Co. v. Maxton*, [1899] A. C. 326, 334.

¹ An agreement to withhold from record for the purpose and with the effect of securing credit not justified by the debtor's financial condition is evidence of fraud.